

## IV. CONSTRAINTS

### A. Governmental Constraints

#### 1. Land Use Plans and Regulations

##### a. General Plan

Each city and county in California must prepare a comprehensive, long-term General Plan to guide its future. The land use element of the General Plan establishes the basic land uses and density of development within the various areas of the city. Under state law, the General Plan elements must be internally consistent and the city's zoning must be consistent with the General Plan. Thus, the land use plan must provide suitable locations and densities to implement the policies of the Housing Element.

The Lake Forest General Plan Land Use Element provides for five residential land use designations, as shown in Table IV-1.

**Table IV-1  
Residential Land Use Categories –  
Lake Forest General Plan**

Designation	Maximum Density <sup>1</sup>	Description
Very Low Density Residential (VLR)	2.0	Single family residential.
Low Density Residential (LR)	7.0	Single-family residential.
Low-Medium Density Residential (LMR)	15.0	Single-family detached and attached, duplexes, townhomes, condominiums and apartments.
Medium Density Residential (MR)	25.0	Multi-family, attached townhomes, condominiums and apartments.
High Density Residential (HR)	43.0	Multi-family, attached, townhomes, condominiums and apartments.

Source: City of Lake Forest General Plan.

Notes: - Density expressed in dwelling units per net acre.

An additional designation, Mixed-Use (MU), provides opportunities for residential development in conjunction with commercial and/or office development. The mixed use designation can occur in areas where multiple activities and pedestrian orientation are considered desirable objectives. A maximum density of 25 dwelling units per net acre of land is allowed when residential development is combined with commercial or office development.

The City of Lake Forest General Plan is not considered to be a constraint to the goals and policies of the Housing Element as the City's zoning is consistent with the General Plan and adequate sites with appropriate densities have been identified to permit the construction of the City's fair share of new housing units for the 2006-2014 planning period (see Chapter III, Resources and Opportunities).

**b. Planned Communities**

Much of the land use in Lake Forest is based on pre-incorporation planning for nine large-scale Planned Communities (PCs). These PCs included Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho de los Alisos, Rancho Serrano, Serrano Highlands, Foothill Ranch, and Portola Hills. Several of these PCs are also the subject of development agreements that identify the levels of development allowed. Future development in these areas must follow the PC Development Plans and related development agreements.

Many of the development standards found in the PCs mirror the R1 and RS zoning found in the City's Zoning Code. Two of the largest PCs, Lake Forest PC and Rancho De Los Alisos PC, allow for smaller and more flexible side yard setbacks and allow for cluster development. Several PCs include a "High Density Residential" or "Heavy Density Residential" zone which allow a variety of multi-family residential uses.

**c. Zoning Designations and Development Standards**

The City regulates the type, location, density, and scale of residential development through the Municipal Code. Zoning regulations serve to implement the General Plan and are designed to protect and promote the health, safety, and general welfare of residents. The Municipal Code also helps to preserve the character and integrity of existing neighborhoods. The Municipal Code sets forth residential development standards for each zoning district.

The five zoning districts that allow residential units as a permitted use are as follows:

<b>R1</b>	Single-Family Residence District
<b>RS</b>	Residential Single-Family District
<b>R2</b>	Multi-family Dwellings District
<b>R4</b>	Suburban Multi-family District
<b>RP</b>	Residential Professional District

A summary of the residential development standards for these zoning districts is provided in Table IV-2. These development standards continue to be viewed as reasonably necessary to protect the public health, safety and welfare and maintain the quality of life, and are not considered to be constraints on the development of housing.

**Table IV-2  
Residential Development Standards**

Development Standard	Zoning District Designations				
	R1	RS	R2	R4	RP
Maximum Density (du/ac) <sup>1</sup>	6	6	25	43	14.5
Minimum Lot Area (sq. ft.) <sup>2</sup>	7,200	7,000	7,200	7,200	7,200
Minimum Front Yard (ft.)	20	10	20	20	20
Minimum Side Yard (ft.)	5	A	5	5	5
Minimum Rear Yard (ft.)	25	0	25	25	25
Maximum Lot Coverage (%)	-	35	-	-	-
Maximum Building Height (ft.)	35	35	35	35	35

Source: Lake Forest Zoning Ordinance

A = 10 feet one side only or 10 feet total of 2 sides combined.

Notes:

1. Density expressed in dwelling units per net acre.

2. The minimum lot area may be different from that specified by zoning district if so specified on the zoning district map

Densities range from six units per net acre in the R1 District to a maximum of 43 units per net acre in the R4 District, excluding potential density bonus.

Two additional zoning districts, the Planned Community (PC) District and the Planned Development (PD) District, allow residential development through discretionary actions.

### **Planned Community (PC) District**

The purpose of the Planned Community District is to provide the authority, regulations, and procedures whereby large land areas can be planned and developed as individual integrated communities. The City of Lake Forest contains nine PCs, all of which were originally approved prior to the City's incorporation. Each planned community establishes its own character with its own unique set of land use regulations, including zoning standards for residential areas. The Planned Communities within Lake Forest contain a variety of residential zoning districts and densities, ranging from large single-family detached homes to condos and apartments, thereby facilitating a variety of housing types for a variety of income levels.

### **Planned Development (PD) District**

The purpose of the Planned Development District is to produce planned development projects that take advantage of modern site planning techniques providing for better use of common areas and open space. The PD District is used in conjunction with a base district (e.g., R1, RS, etc.) to indicate the additional permitted uses and development standards associated with the PD. The PD results in flexibility by allowing development standards, including lot coverage, setbacks and building sizes, to be determined through approval of a Use Permit. The PD combining district therefore facilitates flexibility in residential zoning standards, which encourages a variety of housing types for a variety of income levels. Residential projects built with the PD District have included single-family and multi-family homes.

## Commercial Districts

While major residential projects are excluded, some types of special needs housing, such as congregate care facilities, are allowed in the General Business District (C2), and Community Commercial District (CC), through use permits or site development permits.

A summary of the residential development permitted by the City's Zoning Ordinance is provided in Table IV-3.

**Table IV-3**  
**Permitted Residential Development by Zoning District**

Housing Type Permitted	R1	RS	R2	R4	RP	C2	CC	M1
<b>Residential Uses</b>								
Single-Family Detached	P	P	P	P	P			
Single-Family Attached			P	P				
Duplex			P	P				
Multi-Family (4 or less units)			P	P	U			
Multi-Family (5 or more units)			SD	SD				
Manufactured Housing	P	P	P	P	P			
Mobile Home Parks	U	U	U	U	U			
Second Units <sup>1</sup>	P	P	P	P	P			
<b>Special Needs Housing</b>								
Community Care Facilities <sup>2</sup> (6 or fewer persons)	P	P	P	P	P			
Community Care Facilities <sup>2</sup> (7-12 persons)	U	U	U	U	U			
Congregate Care Facilities <sup>2</sup> (12 or more persons)			U	U		U	U	
Senior Housing (35 or more units)		SD <sup>3</sup>	SD <sup>3</sup>	SD <sup>3</sup>				
Single Room Occupancy						U	U	U

Source: Lake Forest Zoning Ordinance P = Permitted U = Use Permit SD = Site Development Permit

Notes:

1. Second units are permitted in accordance with existing state law in any residential zone with an existing single-family home.
2. Definition of Community Care Facilities and Congregate Care Facilities includes Transitional Housing and Emergency Care Facilities.
3. Condominium projects require a use permit.

As shown in Table IV-3, the Zoning Ordinance provides for a variety of housing types including single-family homes, multi-family (both rental and condominiums), manufactured housing, mobile homes, and second units. Low-income housing can be accommodated in all residential districts. Second units, which can be an effective tool in facilitating affordable housing, are permitted by-right in any residential zone with an existing single-family home. The City has had very little vacant residential land during recent years, and only one attached housing development was built during the previous planning period – Bellecour Way (formerly called Alexan Bellecour). This project was built in the R2 district at 22 units/acre while the maximum density is 25 units/acre for R2 properties. The project's density near the maximum, along with its inclusion of low- and moderate-income units, confirms that the City's zoning standards do not pose an unreasonable constraint on multi-family housing development. Appendix B provides

additional analysis demonstrating the feasibility of affordable housing in Orange County at densities of 20 to 25 units/acre.

#### **d. Special Needs Housing**

Persons with special needs include those in residential care facilities, persons with disabilities, the elderly, farm workers, persons needing emergency shelter or transitional living arrangements, and single room occupancy units. The City's provisions for these housing types are discussed below. Many of these households also fall into the extremely-low-income category.

#### **Residential Care Facilities**

Residential care facilities refer to any family home, group home, or rehabilitation facility that provides non-medical care to persons in need of personal services, protection, supervision, assistance, guidance, or training essential for daily living. The City of Lake Forest Zoning Ordinance refers to residential care facilities as "community care facilities". This definition includes childcare, medical, and non-medical care facilities. Community care facilities that serve six or fewer persons are permitted by-right in all residential districts. Facilities serving more than six persons are conditionally permitted in all residential zones by use permit. These requirements are consistent with state law and do not pose a significant constraint on the establishment of such facilities.

City regulations do not require any separation between care facilities or group homes beyond those established in state law.

#### **Housing for Persons with Disabilities**

The City's building codes require that new residential construction comply with the federal American with Disabilities Act (ADA). ADA provisions include requirements for a minimum percentage of units in new developments to be fully accessible to the physical disabled. Provision of fully accessible units may also increase the overall project development costs. However, unlike the UBC, enforcement of ADA requirements is not at the discretion of the City, but is mandated under federal law.

Compliance with building codes and the ADA may increase the cost of housing production and can also impact the viability of rehabilitation of older properties required to be brought up to current code standards. However, these regulations provide minimum standards that must be complied with in order to ensure the development of safe and accessible housing. In order to facilitate the processing of requests to reduce architectural obstacles for persons with disabilities, the City adopted a Reasonable Accommodations Ordinance in 2002 (Municipal Code Chapter 9.224). The ordinance includes the following provisions:

- Application procedures, including the accommodation requested and the basis for the request
- Review of applications for completeness by the Director of within 5 days of receipt

- Decision by the Director within 30 days of submittal of a complete application
- Procedures for requesting a Director's hearing or appeal to the Planning Commission

These provisions are consistent with state law and do not pose a constraint to reasonable accommodation for persons with disabilities.

City regulations do not require any separation between care facilities or group homes beyond those established in state law.

Parking standards comply with Building Code and ADA requirements for handicapped spaces. For single-family homes, requests to modify parking requirements for persons with disabilities are processed under the Reasonable Accommodations Ordinance.

### **Farm Worker Housing**

As discussed in Chapter 2 (*Needs Assessment*), the City of Lake Forest is not located within a major agricultural area and has no significant need for permanent on-site farm worker housing. The City's overall efforts to provide and maintain affordable housing opportunities will help to support the few seasonal farm workers that may choose to reside in the City.

### **Housing for the Elderly**

Senior housing projects (of 35 units or greater) are permitted in the R2, R4, and RS Districts subject to a site development permit. Senior condominium projects would require a use permit as do all condominiums in the City. The requirement for a site development permit is reasonable to ensure neighborhood compatible design and is not considered to be a constraint to the development of senior housing.

### **Emergency Shelters and Transitional Housing**

#### **Emergency Shelters**

California *Health and Safety Code* (§50801) defines an emergency shelter as "housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay."

SB 2 of 2007 strengthened the planning requirements for emergency shelters and transitional/supportive housing. For jurisdictions with an unmet need, emergency shelters must be allowed by-right in at least one zoning district. A program is included within this Housing Element (#9) to comply with the requirements of SB2. This program involves processing a Zoning Code Amendment to define emergency shelters and to ensure that these uses are allowed by-right in at least one zoning district. The City will amend the Municipal Code within one year of Housing Element adoption to include designation of at least one zone where shelters are permitted by-right. The proposed Code amendment will include specific development standards in conformance with the provisions of SB 2. Based on a preliminary assessment, the City has identified the Urban Activity zone within

the Baker Ranch Planned Community and the Business Park zone within the Pacific Commercentre Planned Community as appropriate districts for emergency shelters. Sites within this zone are located within walking distance of services and employment centers and are served by public transportation. The Urban Activity zone encompasses more than 380 acres of vacant land as well as over 250 acres of developed land; the Pacific Commercentre Business Park zone includes approximately 75 acres. While these zones have been preliminarily identified, further analysis will be required during the Code amendment and public review process and the City Council may identify a different district that is deemed more appropriate for emergency shelters. The proposed Code amendment will include the analysis and findings required by SB 2.

### **Transitional and Supportive Housing**

Transitional/supportive housing is normally temporary housing (generally six months to two years) for an individual or family who is transitioning to permanent housing. This type of housing can take several forms, including group housing or multi-family units, and often includes a supportive services component to allow individuals to gain necessary life skills in support of independent living.

SB 2 of 2007 provides that transitional/supportive housing is a residential use that shall be subject to the same standards and requirements as other residential uses of the same type in the same zone. Transitional housing in the City of Lake Forest may be classified as a community care facility or congregate care facility depending on the number of persons served. Transitional housing that serve six or fewer persons is permitted by-right in all residential districts. Transitional housing serving 7 to 12 persons is permitted in all residential districts by use permit. Transitional housing serving more than 12 persons is permitted in the R2, R4, C2, and CC districts by conditional use permit. Because these regulations differ in some respects from those that apply to conventional residential uses, Program 8 in the Housing Action Plan (Chapter V) contains a commitment to amend the Zoning Code regulations pertaining to transitional and supportive housing, in conformance with SB 2. As discussed in Section II-6, the City's practical experience with transitional housing involves providing funding to non-profit organizations which provide transitional housing to families in the form of a deed-restricted housing unit for a specified period of time to allow families to transition to permanent housing. Support of this type of transitional housing is anticipated to continue and would be unaffected by Program #8.

### **Single Room Occupancy**

Single room occupancy facilities are small studio-type units. The Zoning Ordinance defines SROs as follows:

*A building with a common entrance containing a cluster of at least five (5) rental units which provide sleeping and living facilities for one (1) or two (2) persons where kitchen and/or bathroom facilities may be shared. The units shall have a minimum of one hundred (100) net square feet of space for single occupancy and one hundred twenty (120) square feet for two-person occupancy. The calculation for floor space in the sleeping area includes built-in cabinets, sinks, and closets but excludes toilet compartments. A unit larger than two hundred*

*twenty five (225) square feet shall be deemed an efficiency dwelling unit and not a Single-Room Occupancy (SRO).*

SROs are not listed as a permitted or conditionally permitted use in any zoning district but have been interpreted to be similar uses as hotels/motels, which are allowed by use permit in the C2, CC, and M1 Districts. In order to clarify the City's policy regarding SROs, Program 7 is included in the Housing Action Plan (Chapter V) to amend the Zoning Code to provide specific development standards for SROs and to specify which zoning districts allow SROs.

#### e. Off-Street Parking Requirements

The City's parking requirements for residential uses vary by residential type. Single-family attached and detached dwellings require two covered parking spaces per unit. Multi-family dwellings require 1.5 parking spaces per studio and 1-bedroom units, 2 spaces for 2-bedroom units, and 0.5 additional spaces for each bedroom above two. The parking requirements are summarized in Table IV-4.

The required parking is typical for most cities in Orange County and is not considered to be a constraint on the production of affordable housing. It is widely accepted that seniors and low-income households have fewer cars on average than higher-income households. The Planning Commission has the ability to grant reduced parking for senior housing and other affordable housing projects in conjunction with a discretionary application if supported by an independently prepared parking study.

**Table IV-4**  
**Residential Parking Requirements**

Type of Unit	Minimum Parking Space Required
Attached or Detached Single-Family Dwellings	2 covered spaces per dwelling
Multi-family Dwellings (2 or more units on same site) <sup>1</sup>	
0 -1 Bedroom units	1.5 spaces per unit (1 space must be covered) <sup>2</sup>
2 Bedroom units	2.0 spaces per unit (1 space must be covered) <sup>2</sup>
3 or more Bedroom units	2.5 spaces per unit + 0.5 space for each bdr. above 3 (2 spaces/unit must be covered) <sup>2</sup>
Guest Parking	0.2 spaces per unit

Source: Lake Forest Zoning Ordinance Section 9.168.040(d)(2)

Notes:

1. Alternative parking requirements based on unit side available for building sites containing five or more dwelling units.
2. Covered parking not required for multifamily projects of five or more dwelling units or "second" units.

#### f. Second Units

The development of second units is regulated by Section 9.146.050 of the Municipal Code. In response to state-mandated requirements and local needs, the City of Lake Forest allows for the development of second dwelling units by right (i.e., no discretionary



approval required) in any residential district with an existing single-family residence on site. The applicant must be an owner-occupant of an existing single-family dwelling on the lot. Second unit permits are approved administratively by the Director of Development Services. Permit review and approval typically is completed within 10 working days.

The following requirements apply to second unit construction:

- Allowed in any residential zone where an owner-occupied single-family dwelling currently exists
- Maximum 640 square feet of living area
- Must comply with all development standards for the zone where it is located
- One additional parking space required (covered or uncovered, tandem parking permitted)
- Compatible in materials, color and general architecture to the primary unit
- Either the primary unit or the second unit must be owner-occupied
- Second units may not be sold separately from the primary dwelling, but may be rented

Two new second unit permits were issued in 2006-07. Second units serve to augment resources for senior housing, or other low- and moderate-income segments of the population. The recent development of two second units confirms that City standards serve to encourage and facilitate these units and do not present an unreasonable constraint to development.

#### **g. Density Bonus**

Under new State density bonus law (SB 1818 of 2004), cities and counties must provide a density increase up to 35% over the otherwise maximum allowable residential density under the Municipal Code and the Land Use Element of the General Plan (or bonuses of equivalent financial value) when builders agree to construct housing developments with units affordable to low- or moderate-income households. Section 9.152.010 of the Municipal Code ("Affordable Housing or Senior Citizen Housing Incentive Use Permit") incorporates by reference the procedures for providing density bonus or other incentives in compliance with state law (*Government Code* §65915 et seq.).

#### **h. Mobile Homes/Manufactured Housing**

The manufacturing of homes in a factory is typically less costly than the construction of individual homes on site thereby lowering overall housing costs. State law precludes local governments from prohibiting the installation of mobile homes on permanent foundations on single-family lots. It also declares a mobile home park to be a permitted land use on any land planned and zoned for residential use, and prohibits requiring the average density in a new mobile home park to be less than that permitted by the

Municipal Code. A city or county may, however, require use permits for mobile home parks.

In the City of Lake Forest, manufactured housing is allowed in all residential zones as a permitted use provided the installation complies with the site development standards for the applicable zoning district. Mobile home parks are also permitted in the R2 and R4 districts, but require a use permit. Mobile home development is regulated by Chapter 9.176 of the Municipal Code, which is designed to ensure that mobile home developments are compatible with other permitted uses in the district. The City of Lake Forest currently has four mobile home parks. The City recognizes these mobile home parks for their contribution to affordable housing and provides home rehabilitation loans to qualified mobile home owners through its Housing Rehabilitation Loan Program. The City's development standards for mobile homes are reasonable to ensure neighborhood compatibility, and do not present an unreasonable constraint to development.

#### **i. Condominium Conversions**

In order to ensure a variety of housing opportunities (ownership and rental) including low-density single-family homes, moderate-density townhomes, higher-density condominiums and mobile homes, the City's Municipal Code provides the following requirements for proposed condominium conversions:

1. A requirement for a condominium use permit approved by the City Council (if five or more units).
2. Compliance with the applicable standards and requirements of the zoning district in which the project is located.
3. The provision of a tenant purchase option.
4. The payment of relocation expenses of \$1,500 in 2006 dollars adjusted annually in accordance with the Consumer Price Index.
5. A requirement to submit an affordable housing implementation plan which incorporates a minimum of 15% affordable units (either rental or ownership).
6. A general prohibition on conversions (with specified overriding considerations) that becomes effective when the average rental vacancy rate within the City during the 12 preceding months is 4% or greater.

When a condo conversion is permitted, the increase in the supply of less expensive for-sale units helps to compensate for the loss of rental units. One condominium conversion has been approved since adoption of the condominium conversion standards. This demonstrates that the ordinance to regulate condominium conversions is reasonable to preserve rental housing opportunities, and does not present an unreasonable constraint on the production of ownership housing.

#### **j. Building Codes and Enforcement**

State law prohibits the imposition of building standards that are not necessitated by local geographic, climatic or topographic conditions and requires that local governments

making changes or modifications in building standards must report such changes to the Department of Housing and Community Development and file an expressed finding that the change is needed.

The City's building codes are based upon the California Building, Plumbing, Mechanical, Electrical and Fire Codes. These are considered to be the minimum necessary to protect the public's health, safety and welfare. No additional regulations have been imposed by the City that would unnecessarily add to housing costs.

As part of the City's Neighborhood Preservation efforts, code enforcement staff conducts periodic bulky-item pick-up campaigns where large appliances, furniture and mattresses are removed from garages or side yards, collected curbside and hauled away. Property maintenance is promoted through this program and it also serves to help preserve property values in low- to moderate-income neighborhoods. In addition, while code enforcement staff conducts health and safety code compliance inspections, the staff disseminates, as appropriate, valuable information regarding the City's Housing Rehabilitation Loan Program. The Loan Program provides funding to low- and moderate-income homeowners and assists in addressing housing and/or health and safety code compliance issues.

## **2. Development Processing Procedures**

### **a. Residential Permit Processing**

State Planning and Zoning Law provides permit processing requirements for residential development. Within the framework of state requirements, the City has structured its development review process in order to minimize the time required to obtain permits while ensuring that projects receive careful review.

All residential development is reviewed by City staff for zoning, building and fire code compliance prior to issuance of building permits. For most property in Lake Forest, new residential development with fewer than five units is permitted by right, provided the project adheres to the allowed density and development standards of the zone. Allowing smaller projects by right encourages the provision of affordable housing on smaller in-fill and underutilized lots within the older areas of the City. For projects with five or more units, a Site Development Permit must be approved by the Planning Commission. The discretionary process allows the project to be reviewed for appropriateness, scale, architecture, design, and compatibility with the surrounding area.

The Site Development Permit process includes the following steps:

1. Applicant submits application package including application, letter of justification, deposits, environmental information form, and 10 sets of plans. Some applicants also provide technical studies (e.g., traffic, geotechnical) at this time, if required.
2. Planning staff routes application for inter-departmental review and reviews application for planning issues. A first screencheck letter is issued to the applicant within 30 days of application pursuant to the Permit Streamlining Act.

3. Applicant submits responses to first screencheck letter as appropriate. There is no specified time limit for the applicant's resubmittal.
4. Planning staff repeats step 2 and either issues a letter deeming the project application complete and sets a date for a Planning Commission hearing, or issues a second screencheck letter requesting additional information from the applicant.
5. All residential projects are subject to CEQA review once a complete application is received. Staff prepares a Notice of Exemption or other appropriate CEQA document. If an EIR or Negative Declaration is required, an appropriate public review period occurs prior to the public hearing.
6. Once a public hearing date has been set, staff publishes public notices and prepares a staff report and resolution(s) of approval.
7. A public hearing is held before the Planning Commission.

The City of Lake Forest does not have a Design Review Board. Staff and the Planning Commission work with applicants to ensure high quality design.

Processing times vary and depend on the size and complexity of the project. Projects reviewed by the Planning Commission, including Site Development Permits, Tentative Parcel Maps, and Tentative Tract Maps, typically require between 3 to 12 months to process. Projects reviewed by the City Council, such as General Plan and Zoning Code amendments, typically require between 6 to 12 months to process.

The following findings must be made by the decision-making body in order to approve a Site Development Permit (LFMC Sec. 9.184.040.E):

- a. General Plan. The use or project proposed is consistent with the General Plan.
- b. Zoning Code. The use, activity or improvement(s) proposed by the application is consistent with the provisions of the Zoning Code.
- c. CEQA. The approval of the permit application is in compliance with the requirements of the California Environmental Quality Act.
- d. Compatibility. The location, size, design and operating characteristics of the proposed use will not create significant noise, traffic or other conditions or situations that may be objectionable, detrimental or incompatible with other permitted uses in the vicinity.
- e. General Welfare. The application will not result in conditions or circumstances contrary to the public health and safety and the general welfare.
- f. Development Fees for Provision of Public Facilities. One (1) of the following findings shall be made:
  - i. The property to which the permit applies is not located in a fee area.
  - ii. The permit would not allow development of a project which would contribute to the need for the facility for which a fee is required.

These findings are derived from State Planning and Zoning Law, ensure the orderly development of the community, help to prevent land use conflicts, and do not significantly impact approval certainty, timing or cost.

Certain steps of the development process are required by State rather than local laws. The state has defined processing deadlines to limit the amount of time needed for review of required reports and projects. In an effort to provide an efficient permit processing system, the City has implemented the following time and cost saving developmental processes:

- Prepared permit processing guidelines to assist residential builders in applying for development permits for single-family residences, multifamily residential developments and subdivisions.
- Located all City divisions involved in the permitting process - Planning, Engineering, Building, Public Works, Economic Development - in one central location.
- Encourage applicants to utilize the City's Zoning Confirmation process to ensure that a use is permitted on a particular property.
- Developed "early consultation" pre-application process to identify issues as soon as possible and reduce processing time, as determined on a case by case basis.
- Allow processing fees to be reduced, postponed or supplemented with housing funds for affordable projects meeting City priorities.
- Encourage concurrent processing of applications.

These procedures help to ensure that the development review process meets all legal requirements without causing a significant unwarranted constraint to housing development or affordability.

#### **b. Environmental Review**

Environmental review is required for all development projects under the California Environmental Quality Act (CEQA). Lake Forest has a number of environmental and development constraints due to its sensitive environmental resources and the City's commitment to preserving its open space and natural surroundings. Because of these environmental constraints, the larger planned residential projects have required the preparation of Environmental Impact Reports (EIRs). An EIR is required of all developments that have the potential of creating significant impacts that cannot be mitigated, which is highly typical of large projects. Some residential projects in Lake Forest are either Categorically Exempt or require only an Initial Study and Negative Declaration. A Negative Declaration typically takes four to six weeks to prepare, depending on complexity of the project and required technical studies, followed by a state-mandated public review period. Categorically Exempt developments require a minimal amount of time. As a result, environmental review does not pose a significant constraint to housing development.

### 3. Development Fees and Improvement Requirements

State law limits fees charged for development permit processing to the reasonable cost of providing the service for which the fee is charged. Various fees and assessments are charged by the City and other public agencies to cover the costs of processing permit applications and providing services and facilities such as schools, parks and infrastructure. Almost all of these fees are assessed through a pro rata share system, based on the magnitude of the project's impact or on the extent of the benefit that will be derived.

Table IV-5 provides a listing of fees the City of Lake Forest and regional agencies charge for new, standard residential development (see Appendix D for regional impact fees). The rates charged by the City are inclusive and based on standardized unit sizes. Development fees will vary from project to project depending on the specific characteristics. Table IV-6 and Table IV-7 summarize the total development fees for typical single-family and multi-family projects.

**Table IV-5**  
**Planning and Development Fees – 2008**

Fee Category	Fee or Deposit Amount
<b>Planning and Application Fees<sup>1</sup></b>	
Pre-Application Review	\$2,500 deposit
Parcel Map	\$7,500 deposit
Tentative Tract Map	\$8,000 deposit
Vesting Tentative Tract Map	\$8,000 deposit
Site Development Permit (administrative)	\$2,500 deposit
Site Development Permit (discretionary)	\$7,000 deposit
Use Permit	\$6,500 deposit
Specific Plan	\$10,000 deposit
General Plan Amendment	\$10,000 deposit
Development Agreement	\$10,000 deposit
Zone Change	\$10,000 deposit
<b>Environmental</b>	
Initial Study (review & preparation)	\$6,500 deposit
Environmental Impact Report (review) <sup>2</sup>	\$9,500 deposit
<b>Regional Development Impact Fees<sup>3</sup></b>	
Road Fees	\$3,362 - \$5,198 per unit
Fire Station Fees	\$88.31 – \$549.53 per unit
Library Fees	\$276.17 – \$298.59 per unit

Source: City of Lake Forest Development Services Department, 4/2008

Notes:

1. Items with deposits are based on actual processing costs which may exceed initial deposit amount.

2. Applicant is required to reimburse City for consultant costs.

3. Impact Fees are imposed by regional agencies and vary by location (see Appendix D)

**Table IV-6  
Typical Single-Family Project Fees**

Number of Units	50
Site Acreage	10
<b>Per Unit Planning and Development Fees<sup>1</sup></b>	
Negative Declaration	\$130
Tentative Tract Map	\$160
Site Development Permit	\$140
Final Tract Map	\$21
Hydrology Study	\$21
Storm Drain/Water Quality	\$21
Street Improvement Plans	\$21
Grading WQMP	\$21
Est. Impact Fees (other agencies) <sup>2</sup>	\$17,953
<b>Est. Total Per Unit Fees</b>	<b>\$18,488</b>
<b>Est. proportion of total development cost<sup>3</sup></b>	<b>3%</b>

Notes:

1. Sample project assumptions and data based upon BIA/OC Land Development Fee Survey 2007-2008
2. Assumptions:
  - FCCP \$5,198
  - Foothill/Eastern \$4,764
  - Santiago Cyn Rd \$662
  - El Toro Rd \$1,329
  - Schools \$6,000
3. Assumes \$600,000 development cost

**Table IV-7  
Typical Multi-Family Project Fees**

Number of Units <sup>1</sup>	140
Site Acreage	10
<b>Per Unit Planning and Development Fees</b>	
Negative Declaration	\$46
Tentative Tract Map	\$57
Site Development Permit	\$50
Final Tract Map <sup>2</sup>	\$7
Hydrology Study	\$7
Storm Drain/Water Quality	\$7
Street Improvement Plans	\$7
Grading WQMP	\$7
Est. Impact Fees (other agencies) <sup>1</sup>	\$11,755
<b>Est. Total Per Unit Fees</b>	<b>\$11,943</b>
<b>Est. proportion of total development cost<sup>2</sup></b>	<b>4%</b>

Notes:

1. Assumptions:
  - FCCP \$5,198
  - Foothill/Eastern \$4,764
  - Santiago Cyn Rd \$662
  - El Toro Rd \$1,329
  - Schools \$3,600
2. Assumes \$300,000 development cost

The City periodically evaluates the actual cost of processing the development permits when revising its fee schedule.

After the passage of Proposition 13 and its limitation on local governments' property tax revenues, cities and counties have faced increasing difficulty in providing public services and facilities to serve their residents. One of the main consequences of Proposition 13 has been the shift in funding of new infrastructure from general tax revenues to development impact fees and improvement requirements on land developers. The City requires developers to provide on-site and off-site improvements necessary to serve their projects. Such improvements may include water, sewer and other utility extensions, street construction and traffic control device installation that are reasonably related to the project. Dedication of land or in-lieu fees may also be required of a project for rights-of-way, transit facilities, recreational facilities and school sites, consistent with the Subdivision Map Act.

A typical local street requires a 60-foot right-of-way, with two 18-foot travel lanes. The City's road standards are typical for cities in Orange County and do not act as a constraint to housing development. Table IV-8 illustrates the City's road improvement standards.

**Table IV-8**  
**Road Improvement Standards**

Roadway Designation	Number of Lanes	Right-of-Way Width	Curb-to-Curb Width
Principal Arterial	8	140'	120'
Major Arterial	6	120'	102'
Primary Arterial	4	100'	84'
Secondary Arterial	4	80'	64'
Local Street	2	60'	36'

Source: City of Lake Forest General Plan Circulation Element July 2008.

The City's Capital Improvement Program (CIP) contains a schedule of public improvements including streets and other public works projects to facilitate the continued build-out of the City's General Plan. The CIP helps to ensure that construction of public improvements is coordinated with private development.

Although development fees and improvement requirements increase the cost of housing, cities have little choice in establishing such requirements due to the limitations on property taxes and other revenue sources needed to fund public improvements.

## **B. Non-Governmental Constraints**

### **1. Environmental Constraints**

Environmental constraints include physical features such as steep slopes, fault zones, floodplains, sensitive biological habitat, and agricultural lands. In many cases,



development of these areas is constrained by state and federal laws (e.g., FEMA floodplain regulations, the Clean Water Act and the Endangered Species Act, and the state Fish and Game Code and Alquist-Priolo Act). The City's land use plans have been designed to protect sensitive areas from development, and also to protect public safety by avoiding development in hazardous areas. While these policies constrain residential development to some extent, they are necessary to support other public policies. In Southern California, nearly all development projects face potential community-wide environmental constraints such as traffic, noise and air quality impacts, in addition to site-specific constraints. None of the sites identified in the land inventory (Appendix B) have environmental constraints that would preclude the assumed level of development. It is noteworthy that during the previous planning period, a major constraint to residential development in Lake Forest was removed with the closure of the El Toro Marine Corps Air Station and the subsequent redesignation of land formerly subject to aircraft overflight noise.

## **2. Infrastructure Constraints**

As discussed under Development Fees and Improvement Requirements, the City requires developers to provide on-site and off-site improvements necessary to serve their projects. Dedication of land or in-lieu fees may also be required of a project for rights-of-way, transit facilities, recreational facilities and school sites, consistent with the Subdivision Map Act.

Additionally, the City's Capital Improvement Program (CIP) contains a schedule of public improvements including streets, bridges, and other public works projects to facilitate the continued build-out of the City's General Plan. The CIP helps to ensure that construction of public improvements is coordinated with private development. As a result of these policies, any infrastructure constraints which currently exist must be fully mitigated and financed as growth occurs.

### **a. Wastewater**

Sewage collection and treatment in Lake Forest is provided by the Irvine Ranch Water District (IRWD), El Toro Water District (ETWD), and the Trabuco Canyon Water District (TCWD). The wastewater is collected by the districts and directed to local and regional treatment plants in conjunction with the South Orange County Wastewater Authority. ETWD presently reclaims water which is used for landscape irrigation. The western portion of the City is primarily developed, with the necessary sewer infrastructure in place. In the undeveloped portions of the City, sewer lines may need to be extended to serve planned development. Sewer infrastructure improvements are typically addressed in the development agreements for the Planned Communities. Sewage treatment capacity is available to serve these areas and does not constrain development.

### **b. Water**

Water for City residents is supplied by the IRWD, ETWD and TCWD. The three districts treat and distribute water purchased from the Metropolitan Water District, which imports water from northern California and the Colorado River. As with the sewer lines, water lines must

be extended to service new planned developments. Domestic water supply is not expected to limit development during the planning period.

**c. Storm Water Drainage**

The City of Lake Forest spans three watershed areas with five natural creeks. A flood control system has been partially constructed to direct runoff away from developed areas and prevent flooding from rain. The Orange County Flood Control District (OCFCD) is responsible for regional flood control and maintains several facilities within the City. The City works closely with OCFCD to determine needs for flood control improvements and to identify improvements needed to accommodate proposed development projects. Development proposals and amendments within Planned Communities are reviewed for consistency with flood control improvements required in approved development plans and agreements. Development proposals outside of Planned Communities are assessed for drainage impacts and required facilities. With these existing facilities and review procedures in place, the City's flood control system is not expected to limit development during the planning period.

**3. Land Costs**

Land represents one of the most significant components of the cost of new housing. Land values fluctuate with market conditions, and have been steadily increasing since 2000. The recent downturn in the housing market is expected to affect land values negatively however. Changes in land prices reflect the cyclical nature of the residential real estate market. It appears as if the market may be in a downturn similar to the early 1980s and early 1990s, which was characterized by relatively sharp declines in property values and extended periods of minimal appreciation before prices recovered.

The high price of land throughout Orange County poses a significant challenge to market rate development of lower-income housing, although it is unclear to what extent the current downturn will affect land prices.

Per-unit land cost is directly affected by density – higher density allows the cost to be spread across more units, reducing the total price. The City zoning code allows development at up to 43 units per acre in the R2 District, which has helped to reduce per-unit land cost.

**4. Construction Costs**

Construction cost is affected by the price of materials, labor, development standards and general market conditions. The City has no influence over materials and labor costs, and the building codes and development standards in Lake Forest are not substantially different than most other cities in Orange County. Construction costs for materials and labor have increased at a slightly higher pace than the general rate of inflation according to the Construction Industry Research Board.

## **5. Cost and Availability of Financing**

The recent (2007) crisis in the mortgage industry will affect the availability and cost of real estate loans, although the long-term effects are unpredictable. The credit “crunch” resulted when “sub-prime” lenders in the past five years made it possible for low-income families or others who could not qualify for standard mortgages to become home owners even though they might not have had the credit history and income to support repayment of the loans. The problem typically occurs with adjustable rate mortgages (ARMs) after the initial fixed interest rate period expires (often three years) and the interest rate converts to market. Because ARMs often offer “teaser” initial interest rates well below market for the first few years, monthly payments may increase by several hundred dollars when the loan converts to market rate. When property values were increasing, as was the case from 2000 to 2006, homeowners had the option of refinancing to a new loan when the initial rate expired. However, in the current market with declining values, homeowners may owe more than the resale value of their home, making refinancing impossible. As a result of these conditions, there has been a significant rise in foreclosure rates, and changes in mortgage underwriting standards is likely to have greater impacts on low-income families than other segments of the community.

## **C. Fair Housing**

Under state law, it is illegal for real estate lending institutions to discriminate against entire neighborhoods in lending practices because of the physical or economic conditions in the area (“redlining”). In monitoring new construction sales, re-sales of existing homes, and permits for remodeling, it would not appear that redlining is practiced in any area of the City.

State law also prohibits discrimination in the development process or in real property transactions, and it is the City’s policy to uphold the law in this regard. The City also provides financial support to the Orange County Fair Housing Council through its CDBG program and is an active participant in fair housing activities.